

SPOKANE COUNTY HEALTH DISTRICT
Spokane County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Federal Findings

1. The District Should Comply With Federal Requirements

- a. The district charged indirect costs to federal programs using an indirect cost plan that was not properly supported or adequately documented.

The Office of Management and Budget Circular A-87 prescribes requirements for indirect cost plans used to charge federal programs. During our review we noted the following deviations from those requirements.

The plan does not include:

- (1) A description of the plan.
- (2) Reductions for unallowable costs.
- (3) A schedule of federal fund expenditures made during the fiscal year including direct salaries and wages, other direct expenditures, and total expenditures for each federal program.
- (4) Certification by an authorized government official that the plan was prepared in accordance with applicable policies and procedures.
- (5) A description of the accounting treatment of indirect costs allocated in excess of any program limitations.

The district used the rates developed by preparing a cost report used for state monitoring purposes. A separate plan was not prepared because in prior years federal funding levels were insufficient to cover indirect costs and the district was not aware of the requirements federal indirect cost rates.

As a result, the district may have overcharged some federal programs for indirect costs. The district was unable to provide us with information to determine which federal programs were effected or the financial impact to those programs.

- b. The district did not inventory fixed assets.

The *Compliance Supplement for Single Audits of State and Local Governments* prescribed by the Office of Management and Budget details equipment use, management, and disposition requirements.

The district has not conducted an inventory because staff resources were directed to more immediate projects. In addition, some district offices were in the process of remodeling or relocation.

As a result of not conducting the inventory, the district is unsure of the location of some fixed assets; the risk of loss, misappropriation, or misuse of district assets has been increased; and the district was not able to demonstrate

compliance with other federal fixed asset administrative requirements.

We recommend the district develop, document, and implement procedures to ensure the indirect cost plan and inventory procedures are consistent with federal requirements.